

INITIATIVE 180

I, Ralph Munro, Secretary of State of the State of Washington and custodian of its seal, hereby certify that, according to the records on file in my office, the attached copy of Initiative Measure No. 180 to the Legislature is a true and correct copy as it was received by this office.

1 AN ACT Relating to revenue reductions; amending RCW 82.04.255,
2 82.04.290, 48.32.145, and 48.32A.090; adding a new section to chapter
3 82.04 RCW; adding a new section to chapter 84.55 RCW; and creating new
4 sections.

5 BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** This act may be known and cited as the
7 taxpayer relief act of 1996.

8 **Sec. 2.** RCW 82.04.255 and 1993 sp.s. c 25 s 202 are each amended
9 to read as follows:

10 Upon every person engaging within the state as a real estate
11 broker; as to such persons, the amount of the tax with respect to such
12 business shall be equal to the gross income of the business, multiplied
13 by the rate of ((2-0)) 1.75 percent.

14 The measure of the tax on real estate commissions earned by the
15 real estate broker shall be the gross commission earned by the
16 particular real estate brokerage office including that portion of the
17 commission paid to salesmen or associate brokers in the same office on
18 a particular transaction: PROVIDED, HOWEVER, That where a real estate

1 commission is divided between an originating brokerage office and a
2 cooperating brokerage office on a particular transaction, each
3 brokerage office shall pay the tax only upon their respective shares of
4 said commission: AND PROVIDED FURTHER, That where the brokerage office
5 has paid the tax as provided herein, salesmen or associate brokers
6 within the same brokerage office shall not be required to pay a similar
7 tax upon the same transaction.

8 **Sec. 3.** RCW 82.04.290 and 1995 c 229 s 3 are each amended to read
9 as follows:

10 (1) Upon every person engaging within this state in the business of
11 providing selected business services other than or in addition to those
12 enumerated in RCW 82.04.250 or 82.04.270; as to such persons the amount
13 of tax on account of such activities shall be equal to the gross income
14 of the business multiplied by the rate of (~~(2.5)~~) 2.0 percent.

15 (2) Upon every person engaging within this state in banking, loan,
16 security, investment management, investment advisory, or other
17 financial businesses, other than or in addition to those enumerated in
18 subsection (3) of this section; as to such persons, the amount of the
19 tax with respect to such business shall be equal to the gross income of
20 the business, multiplied by the rate of (~~(1.70)~~) 1.6 percent.

21 (3) Upon every person engaging within this state in the business of
22 providing international investment management services, as to such
23 persons, the amount of tax with respect to such business shall be equal
24 to the gross income or gross proceeds of sales of the business
25 multiplied by a rate of 0.275 percent.

26 (4) Upon every person engaging within this state in any business
27 activity other than or in addition to those enumerated in RCW
28 82.04.230, 82.04.240, 82.04.250, 82.04.255, 82.04.260, 82.04.270, and
29 82.04.280, and subsections (1), (2), and (3) of this section; as to
30 such persons the amount of tax on account of such activities shall be
31 equal to the gross income of the business multiplied by the rate of
32 (~~(2.0)~~) 1.75 percent. This section includes, among others, and without
33 limiting the scope hereof (whether or not title to materials used in
34 the performance of such business passes to another by accession,
35 confusion or other than by outright sale), persons engaged in the
36 business of rendering any type of service which does not constitute a
37 "sale at retail" or a "sale at wholesale." The value of advertising,
38 demonstration, and promotional supplies and materials furnished to an

1 agent by his principal or supplier to be used for informational,
2 educational and promotional purposes shall not be considered a part of
3 the agent's remuneration or commission and shall not be subject to
4 taxation under this section.

5 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.04 RCW
6 to read as follows:

7 In computing tax there may be deducted from the measure of tax
8 amounts paid by the owner of an amusement device, as defined in RCW
9 66.44.316, to the person upon whose premises the device is operated, if
10 the amounts are paid at the time they are collected from the amusement
11 device.

12 **Sec. 5.** RCW 48.32.145 and 1993 sp.s. c 25 s 901 are each amended
13 to read as follows:

14 Every member insurer that prior to April 1, 1993, or after the
15 effective date of this section, shall have paid one or more assessments
16 levied pursuant to RCW 48.32.060(1)(c) shall be entitled to take(~~(7~~
17 ~~as~~)) a credit against any premium tax falling due under RCW
18 48.14.020((7)). For assessments paid after the effective date of this
19 section, the amount of the credit shall be one-tenth of the aggregate
20 amount of such aggregate assessments paid during such calendar year for
21 each of the ten consecutive calendar years beginning with the calendar
22 year following the calendar year in which such assessments are paid.
23 For assessments paid prior to April 1, 1993, the amount of the credit
24 shall be one-fifth of the aggregate amount of such aggregate
25 assessments paid during such calendar year for each of the five
26 consecutive calendar years beginning with the calendar year following
27 the calendar year in which such assessments are paid. Whenever ((an
28 assessment or uncredited portion of an assessment)) the allowable
29 credit is or becomes less than one thousand dollars, the entire amount
30 ((may be credited)) of the credit may be offset against the premium tax
31 at the next time the premium tax is paid.

32 ~~((This section shall expire January 1, 1999.))~~

33 **Sec. 6.** RCW 48.32A.090 and 1993 sp.s. c 25 s 902 are each amended
34 to read as follows:

35 (1) The association shall issue to each insurer paying an
36 assessment under this chapter certificates of contribution, in

1 appropriate form and terms as prescribed or approved by the
2 commissioner, for the amounts so paid into the respective funds. All
3 outstanding certificates against a particular fund shall be of equal
4 dignity and priority without reference to amounts or dates of issue.

5 (2) An outstanding certificate of contribution issued prior to
6 April 1, 1993, or after the effective date of this section, shall be
7 shown by the insurer in its financial statements as an admitted asset
8 for such amount and period of time as the commissioner may approve.
9 Unless a longer period has been allowed by the commissioner the insurer
10 shall in any event at its option have the right to so show a
11 certificate of contribution as an admitted asset at percentages of
12 original face amount for calendar years as follows:

13 (a) For assessments paid after the effective date of this section:
14 100% for the calendar year of issuance;
15 90% for the first calendar year after the year of issuance;
16 80% for the second calendar year after the year of issuance;
17 70% for the third calendar year after the year of issuance;
18 60% for the fourth calendar year after the year of issuance;
19 50% for the fifth calendar year after the year of issuance;
20 40% for the sixth calendar year after the year of issuance;
21 30% for the seventh calendar year after the year of issuance;
22 20% for the eighth calendar year after the year of issuance;
23 10% for the ninth calendar year after the year of issuance; and
24 0% for the tenth and subsequent calendar years after the year of
25 issuance; or

26 (b) For assessments paid prior to April 1, 1993:
27 100% for the calendar year of issuance;
28 80% for the first calendar year after the year of issuance;
29 60% for the second calendar year after the year of issuance;
30 40% for the third calendar year after the year of issuance;
31 20% for the fourth calendar year after the year of issuance; and
32 0% for the fifth and subsequent calendar years after the year of
33 issuance.

34 Notwithstanding the foregoing, if the value of a certificate of
35 contribution is or becomes less than one thousand dollars, the entire
36 amount may be written off by the insurer in that year.

37 (3) The insurer shall offset the amount written off by it in a
38 calendar year under subsection (2) of this section against its premium

1 tax liability to this state accrued with respect to business transacted
2 in such year.

3 (4) Any sums recovered by the association representing sums which
4 have theretofore been written off by contributing insurers and offset
5 against premium taxes as provided in subsection (3) of this section,
6 shall be paid by the association to the commissioner and then deposited
7 with the state treasurer for credit to the general fund of the state of
8 Washington.

9 (5) No distribution to stockholders, if any, of a liquidating
10 insurer shall be made unless and until the total amount of assessments
11 levied by the association with respect to such insurer have been fully
12 recovered by the association.

13 NEW SECTION. **Sec. 7.** A new section is added to chapter 84.55 RCW
14 to read as follows:

15 (1) As used in this section, "full levy" means the levy amount that
16 would be allowed otherwise under this chapter without regard to this
17 section.

18 (2) The state levy for collection in 1997 shall be reduced by five
19 percent of the full levy for that year. State levies for collection
20 after 1997 shall not exceed the amount that would be allowed otherwise
21 under this chapter if the state levy for collection in 1997 had been
22 set at ninety-five percent of the full levy for that year.

23 (3) Levies collected before 1997 shall not be used as a base for
24 calculating limits for state levies for collection after 1997.

25 NEW SECTION. **Sec. 8.** The tax reductions provided in this act are
26 in addition to any other tax reduction legislation that may be enacted
27 by the legislature.

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